

Message Text

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42

ACTION EB-06

INFO OCT-01 EA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-05 NSAE-00 RSC-01 FAA-00 L-02 /023 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 8467

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E.O. 11652: N/A

TAGS: EAIR, RP

SUBJECT: CIVAIR - PHIL CAB TERMINATION OF PAN AM ALL-CARGO PERMIT

REF: A. MANILA 13585

B. ARNOLD/MEADOWS TELECON

1. FAILURE OF PHIL CAB TO APPROVE PANAM PETITION TO RENEW ALL-CARGO PERMIT, REPORTED REFTEL, DISCUSSED WITH ACTING DFA SECRETARY COLLANTES AND EXEC SEC MELCHOR DURING WEEKEND. NEITHER ABLE MUSTER PHIL CAB OVER WEEKEND TO OBTAIN RECONSIDERATION. THUS PANAM FELT WISE COURSE WAS TO CANCEL NOV. 18 CARGO FLIGHT, WHICH IS CIRCUMSTANCES EMBASSY ALSO CONSIDERED PRUDENT.

2. ISSUE OF RENEWAL CARGO PERMIT APPEARS, AS TREATED IN PAL OPPOSITION, TO HAVE BECOME ENTANGLED IN (A) PAL EFFORT TO FORCE ISSUE OF CARGO CARRIER DESIGNATION; (B) LONG STANDING WISH TO CURTAIL PANAM'S WEEK-TO-WEEK COMMERCIAL CARGO BUSINESS WHICH, OF COURSE, PHIL CAB REGULARLY HAS BLESSED; AND (C) INDULGENCE OF PIQUE IN CONTINUING TO LOOK FOR SOME REAL OR IMAGINED SIN FOR WHICH US CARRIER CAN BE DINGED IN SOME QUOTE SAN FRANCISCO UNQUOTE MANNER.

3. COMPLAINT FILED BY PAL AGAINST PANAM WITH THE PHIL CAB, DATED OCT. 28 1974, ALLEGED THAT PANAM HAD THROUGH LIMITED OFFICIAL USE

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QUOTE FRAUD, LIES AND MISREPRESENTATION UNQUOTE OBTAINED

EXTENSION OF THEIR THREE WEEKLY QUOTE ALL-MILITARY UNQUOTE CARGO FLIGHTS FROM THE PHIL CAB. PAL ASKED THAT CARGO PERMIT WHICH WAS DUE TO EXPIRE ON OCT 31 BE SUSPENDED, CANCELLED OR ALLOWED TO LAPSE AND THAT PANAM BE FINED, AFTER DUE PROCEEDINGS, P1,000 FOR EACH KILOGRAM OF COMMERCIAL CARGO ILLEGALLY CARRIED.

4. IN LENGTHY RECITATION, PAL REVIEWS HISTORY OF PANAM CARGO RIGHTS IN PHILIPPINES AND STRESSES SO-CALLED MISREPRESENTATION BY PANAM CONCERNING ITS QUOTE MILITARY ALL-CARGO FLIGHTS UNQUOTE WHICH THEY STATED PANAM CONTENTED IN PAST PETITIONS WERE NEEDED QUOTE TO MEET THE CONTINUING DEMANDS' OF THE U.S. MILITARY. UNQUOTE. THEY CITE LETTER FROM ADMIRAL SHELTON, CINCPACREPPHIL, DATED MAY 8, 1974, THAT PANAM HAD NO MILITARY CARGO CHARTER FLIGHTS WHICH OPERATE AT MANILA INTERNATIONAL AIRPORT (MIA) AND ONLY MILITARY CARGO ENTERING MIA IS HIGH PRIORITY ITEMS ESTIMATED AT 7,000 LBS. PER MONTH. THAT ALL MAC CARGO CHARTER FLIGHTS OPERATE THROUGH CLARK AIR BASE. PAL FINALLY TAKES STRONG EXCEPTION TO PANAM REQUEST FOR SPACE AVAILABLE USE THESE FLIGHTS AT MANILA, CHARACTERIZING THIS AS REQUEST FOR QUOTE UNLIMITED UNQUOTE CARGO RIGHTS.

5. IN ANSWER TO COMPLAINT, PANAM STATES THAT FLIGHTS IN QUESTION ARE REGULARLY SCHEDULED COMMERCIAL CARGO FLIGHTS TRANSITING THE PHILIPPINES TO SAIGON, BANGKOK AND NOT MILITARY CHARTER CARGO FLIGHTS. IT POINTS OUT THAT MILITARY CARGO LOADED OR OFF-LOADED AT MIA IS OFFICIAL U.S. MAIL. (ADMIRAL SHELTON'S LETTER HAD ONLY ADDRESSED ITSELF TO MILITARY CARGO AND NOT TO U.S. MAIL.) THAT NO COMMERCIAL CARGO HAS BEEN TRANSPORTED WITHOUT BEING COVERED BY A SPECIAL PERMIT FROM PHIL CAB OR UNDER THEIR LIMITED PERMIT AUTHORITY OF 8181 KILOGRAMS MONTHLY. PANAM ASKED THAT EXTENSION OF LIMITED CARGO PERMIT BE GRANTED; PRESENT PERMIT EXPIRED OCT. 31, 1974; BUT TEMPORARILY EXTENDED TO NOV. 15, 1974.

6. IN HEARING HELD PER REFTEL, PANAM REPRESENTED BY ATTORNEY AND MADE ARGUMENTS BEFORE PHIL CAB IN EXECUTIVE SESSIONS BEFORE CAB REFUSED TO RENEW PANAM'S PERMIT. AS LIMITED OFFICIAL USE

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SUGGESTED REFTEL, PART OF ARGUMENT BY PAL WAS THAT PANAM CARGO RIGHTS NOT COVERED BY AUG. 10 1974 US/RP INTERIM AIR AGREEMENT. PANAM STILL HAS NOT RECEIVED FORMAL WRITTEN NOTIFICATION THAT CARGO EXTENSION HAS BEEN DENIED, AND HAS NOT YET FILED MOTION TO RECONSIDER, BUT IS IN PROCESS OF PREPARING BRIEF FOR THIS PURPOSE. COPIES OF PAL COMPLAINT AND PANAM'S DRAFT ANSWER BEING POUCHED.

8. COMMENT. A FACT OF SITUATION IS THAT PANAM HAS
PRESSED ITS LUCK BY TRYING TO EXPAND ITS RIGHTS AT
MANILA AT THIS TIME. THIS EFFORT HAS MUDDIED WATERS, BECAUSE
PHIL CAB CAN WELL ARGUE, AT MINIMUM, THAT ANY PROPOSALS
TO REVISE EXISTING RIGHTS SUPPORTS CONTENTION THAT FREEZE ON
CARGO OPERATIONS WAS NOT INTENDED INCLUDE PANAM. THIS IS
SPECIOUS ARGUMENT BUT AS A PRACTICAL MATTER PANAM COULD BETTER
HAVE LET WELL ENOUGH ALONE.

9. WE ARE INFORMED BY DFA THAT PHIL CAB IS PREPARING AN
INFORMAL EXPLANATION TO EMBASSY OF RATIONALE FOR FRIDAY'S
DECISION. IN MEANTIME WE URGING PANAM TO PROCEED AS
QUICKLY AS POSSIBLE WITH MOTION TO RECONSIDER, BECAUSE
PHIL CAB CAN PROPERLY ASSERT IT HAS NO BASIS FOR ACTION
UNLESS SUCH A MOTION IS BEFORE IT.
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